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2
3 STATE OF OREGON
4 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
5 DIVISION OF FINANCIAL REGULATION

6 In the Matter of:

Case No. S-19-0020

7 F. DAVID LENT dba LENT &
8 COMPANY, an Individual, and
9 HEATHER HUNTER, an Individual,

Respondent,

ORDER TO CEASE AND DESIST,
ORDER DENYING USE OF
EXEMPTIONS, ORDER ASSESSING
CIVIL PENALTIES, AND CONSENT
TO ENTRY OF ORDER

10 The Director of the Department of Consumer and Business Services for the State
11 of Oregon (“Director”), acting in accordance with Oregon Revised Statutes (“ORS”)
12 59.005 to 59.451, 59.991 and 59.995, and Oregon Administrative Rules (“OAR”) chapter
13 441 (collectively, “the Oregon Securities Law”), has conducted an investigation into the
14 activities of F. David Lent dba “Lent & Company”¹ (“Lent”) and Heather Hunter
15 (“Hunter”) (collectively, “Respondents”) and determined that Respondents engaged in
16 violations of the Oregon Securities Law.

17 Respondents, without admitting or denying the Director’s findings of fact or
18 conclusions of law, wish to resolve and settle this matter with the Director.

19 Now, therefore, as evidenced by the signature(s) subscribed on this Order,
20 Respondents hereby CONSENT to entry of this Order.

21 FINDINGS OF FACT

22 The Director FINDS that:

23 1. In or around July 2015, Charles L. Frost dba Charles “Jack” Frost (“Frost”)
24 began a business venture in the restaurant industry.² At various times, the business was
25

26 ¹ Lent & Company is Lent’s active sole proprietorship.

² See related Division of Financial Regulation (“Division”) case number S-18-0040 against Frost.



1 identified as “Bowls4Life.com,” “Bowls4Life” and/or “Acre” (collectively, “the
2 Company”). The Company was intended to specialize in “fast casual” restaurant dining
3 with a focus on healthy meals and high-quality ingredients.

4 2. On or around August 4, 2015, Frost and Lent entered into an agreement
5 whereby Lent agreed to assist Frost in the creation of the Company concept and restaurant
6 development (“Lent Agreement”).

7 3. Hunter is Lent’s business partner.

8 4. In or around August 2015, Frost and Hunter entered into an agreement whereby
9 Frost agreed to pay Hunter to develop a business plan for the Company and create
10 promotional materials (“Hunter Agreement”).

11 5. From in or around August 2015 through in or around July 2017, Respondents
12 provided services to Frost and the Company as set forth in the Lent and Hunter Agreements.

13 6. From in or around August 2015 through in or around March 2017, Frost, by and
14 through the Company, sold convertible promissory notes (“Notes”) to numerous Oregon
15 residents (collectively, “the Oregon Investors”), under which Frost received funds to be
16 repaid with interest over a three-year period. The Notes included option(s) for conversion
17 into shares of the Company.

18 7. Frost entered into Notes with the Oregon Investors as follows:

19 A. On or around August 27, 2015, Frost sold a Note to “RB” and “JB” for
20 \$25,000.

21 i. On or around May 13, 2016, Frost added an addendum to the
22 Note with RB/JP, under which RB/JP paid Frost an additional \$20,000.

23 ii. On or around March 14, 2017, Frost added a second addendum
24 to the Note with RB/JP, under which RB/JP paid Frost an additional
25 \$20,000.

26 B. On or around September 1, 2015, Frost sold a Note to “KH” and “AH”





1 for \$25,000.

2 i. On or around August 24, 2016, Frost added an addendum to the
3 Note with KH/AH, under which KH/AH paid Frost an additional \$10,000.

4 ii. On or around March 13, 2017, Frost added a second addendum
5 to the Note with KH/AH, under which KH/AH paid Frost an additional
6 \$10,000.

7 C. On or around October 1, 2015, Frost sold a Note to “BP” for \$25,000.

8 i. On or around February 19, 2016, Frost added an addendum to
9 the Note with BP, under which BP paid Frost an additional \$5,000.

10 ii. On or around September 16, 2016, Frost added a second
11 addendum to the Note with BP, under which BP paid Frost an additional
12 \$10,000.

13 iii. On or around March 20, 2017, Frost added a third addendum to
14 the Note with BP, under which BP paid Frost an additional \$10,000.

15 D. On or around November 10, 2015, Frost sold a Note to “AL” and “EL”
16 for \$25,000.

17 i. On or around September 17, 2016, Frost added an addendum to
18 the Note with AL/EL, under which AL/EL paid Frost an additional \$20,000.

19 E. On or around November 11, 2015, Frost sold a Note to “DD” for
20 \$25,000.³

21 F. On or around February 21, 2016, Frost sold a Note to “RN” and “CN”
22 for \$43,000.

23 G. On or around March 19, 2016, Frost sold a Note to “DC” and “SC” for
24 \$25,000.

25 i. On or around September 14, 2016, Frost added an addendum to

26 ³ DD was 71 years old at the time and is now deceased.



1 the Note with DC/SC, under which DC/SC paid Frost an additional \$10,000.

2 H. On or around September 7, 2016, Frost sold a Note to “GF” for
3 \$10,000.⁴ GF’s Note contained the statement, “This is a debt instrument between
4 the parties listed herein and is not a security.”

5 I. On or around November 11, 2016, Frost sold a Note to “DH” for
6 \$25,000. DH’s Note contained the statement, “This is a debt instrument between
7 the parties listed herein and is not a security.”

8 8. From in or around August 2015 through in or around March 2017, Respondents
9 and Frost created promotional materials for the Company and Frost provided them to the
10 Oregon Investors.

11 9. In or around August 2015, Frost provided a business plan to RB/JB, KH/AH,
12 BP, AL/EL, DD and AN/CN (“August 2015 Business Plan”). The August 2015 Business
13 Plan:

14 A. Included a “Use of Proceeds” section indicating the Company sought
15 \$250,000 in “seed money” from investors, which was projected to last for 11 to 12
16 months. Of the \$250,000:

17 i. \$1,500 would be spent on “incorporation of entity and
18 investment documents;” and

19 ii. \$116,500 would be spent on Company fees.

20 B. Projected that, upon opening its first restaurant, the Company would
21 earn between \$1 and \$2 million in annual revenue.

22 10. Frost did not disclose that, by spending \$116,500, or 46% of the investors’ seed
23 money, on Company fees, the Company risked exhausting funds needed to develop and
24 support the venture and that this would negatively affect the Company’s likelihood of
25 success.

26 ⁴ GF was 81 years old at the time.



1 11. In or around December 2015, Frost provided an addendum to the business plan
2 to RB/JP, KH/AH, BP, AL/EL, DD and AN/CN (“Addendum”). The addendum stated
3 that the Company needed an additional \$175,000 to “complete first round funding” and
4 fund the Company through June 2016.⁵

5 12. In or around March 2016, Frost provided a revised business plan to DC/SC, GF
6 and DH (“Revised Business Plan”). The Revised Business Plan:

7 A. Contained the claim that the Company needed an additional \$200,000
8 to “complete first round funding” and fund the Company through June 2016;⁶

9 B. Included the following timelines for completion of the Company’s
10 developmental goals:

11 i. Website and App development – March 2016 through
12 September 2016;

13 ii. Locate real estate and negotiate lease – March 2016 through
14 August 2016; and

15 iii. Restaurant launch – November 2016 through February 2017;⁷
16 and

17 C. Contained revised financial projections as follows:

18 i. The Company’s first restaurant would generate \$1 to \$2 million
19 in revenue, with a profit margin of 18 to 22%, in its first year;

20 ii. Within three years, the Company would operate five restaurants
21 projected to generate revenues of \$12 to \$15 million, with net profits
22 between \$2.5 and \$3.5 million.

23 13. In or around August 2016, Frost provided a project update to the Oregon
24 Investors (“Project Update”). The Project Update contained the claim that the Company

25 ⁵ At this time, Frost had already received \$125,000 from the Oregon Investors.

26 ⁶ At this time, Frost had already received \$173,000 from the Oregon Investors.

⁷ To date, the Company has completed none of these goals.



1 needed an additional \$150,000 to “complete first round funding” and fund the Company
2 through the end of 2016.⁸

3 14. In or around March 2017, Frost shared a slideshow presentation with the
4 Oregon Investors (“Presentation”). The Presentation contained the claim that the Company
5 intended to open ten restaurant locations, with a “projected average unit volume” of \$2 to
6 \$3 million.

7 15. Frost did not disclose the reasons(s) the Company had completed none of the
8 developmental goals in the Revised Business Plan.

9 16. Frost failed to disclose to the Oregon Investors:

10 A. Material risk factors regarding the venture, such as the Company’s lack
11 of operating history and revenue stream, the failure rate for new fast casual
12 restaurant ventures, and the unpredictable nature of the restaurant industry;

13 B. The risks the Company would not meet its revenue projections, due in
14 part to the reasons in Paragraph (16)(A);

15 C. The criteria and formula the Company used to calculate the financial
16 projections;

17 D. That the Company’s financial projections far exceeded fast casual
18 restaurant industry standards;⁹

19 E. The reason(s) the Company’s assessment of the its financial needs kept
20 changing; and

21 F. How the Company had spent the money it already received from the
22 Oregon Investors.

23 17. At no time did the Company incorporate.

24 18. At no time did Frost prepare substantiated financial projections for the Oregon

25 ⁸ At this time, Frost had already received \$218,000 from the Oregon Investors.

26 ⁹ In 2013, the fast casual segment of the restaurant industry had an average net profit margin of six percent.
See <http://smallbusiness.chron.com/average-profit-margin-restaurant-13477.html>.



1 Investors to review.¹⁰

2 19. In 2017, Frost made interest payments on the Notes to RB/JB, KH/AH, BP,
3 AL/EL and GF. As the Company had generated no profit or revenue, Frost used the
4 Company's investor funds to make these payments.

5 20. Frost failed to inform the Oregon Investors their own investment funds would
6 be used to make interest payments on the Notes.

7 21. To date, the Company has received approximately \$478,000 in investor funds,
8 including approximately \$343,000 from the Oregon Investors. \$25,000 of that sum was
9 returned to DD. Approximately \$220,000 was collected as Company fees. An additional
10 \$60,000 was spent on Company travel costs.

11 22. Approximately 60% of the Company's investor funds were spent on Company
12 fees and travel.

13 23. The Oregon Investors had no control over the use of their investment funds.

14 24. The Oregon Investors were passive because they did not play an active role in
15 the Company's business operations and relied solely on the efforts and expertise of
16 Respondents and Frost to realize a return on their investments.

17 25. At no time were the Notes registered with the Director under ORS 59.055.

18 26. At no time has Frost held an Oregon broker-dealer or securities salesperson
19 license, or otherwise been licensed with the Director to sell securities in Oregon under ORS
20 59.165.

21 27. In determining the identities of the Oregon Investors and sums of their
22 investments, the Division has relied upon information provided by Frost. Exhibit A to this
23 Order is based upon such information and accounts for all Oregon Investors of which the
24 Division is aware.

25 _____
26 ¹⁰ Frost provided a spreadsheet containing figures that were purportedly five-year financial projections for
one restaurant. The figures were presented without support or explanation of the criteria and formula used
to calculate them.

1 CONCLUSIONS OF LAW

2 The Director CONCLUDES that:

3 28. The Notes that Frost sold to the Oregon Investors are securities under ORS
4 59.015(19)(a), as they are either notes, evidence of indebtedness or investment contracts,
5 as defined thereunder.

6 29. By selling securities to the Oregon Investors, Frost transacted business as a
7 securities salesperson under ORS 59.015(18)(a).

8 30. By transacting business in Oregon as a securities salesperson without holding
9 an Oregon broker-dealer or securities salesperson license, or otherwise being licensed with
10 the Director to sell securities in Oregon, Frost violated ORS 59.165(1).

11 31. By selling unregistered securities to the Oregon Investors, Frost violated ORS
12 59.055.

13 32. Respondents aided Frost in the sale of unregistered securities and are liable for
14 the foregoing violations of ORS 59.165(1) and ORS 59.055, under ORS 59.115(3).

15 33. Frost made the following untrue statements of material fact to the Oregon
16 Investors in connection with the sale or purchase of securities, in violation of ORS
17 59.135(2), for which Respondents are liable under ORS 59.115(3):

18 A. That GF and DH's Notes were not securities;

19 B. That the Company could realistically be expected to generate profit
20 margins of 18 to 22% in its first three years; and

21 C. That the Company would use investor funds to incorporate.

22 34. Frost omitted to state the following material facts needed to make statements
23 made to the Oregon Investors in connection with the sale or purchase of securities not
24 misleading, in violation of ORS 59.135(2), for which Respondents are liable under ORS
25 59.115(3):

26 A. That the Company would use the Oregon Investors' own investment

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1 funds to make interest payments on the Notes;

2 B. That by spending \$116,500, or 46% of the investors' seed money, on
3 Company fees, the Company risked exhausting funds needed to develop and
4 support the venture and this would negatively affect the Company's likelihood of
5 success;

6 C. Material risk factors regarding the venture, such as the Company's lack
7 of operating history and revenue stream, the failure rate for new fast casual
8 restaurant ventures, and the unpredictable nature of the restaurant industry;

9 D. The criteria and formula that Frost used to calculate the Company's
10 financial projections;

11 E. That Frost's financial projections far exceeded fast casual restaurant
12 industry standards;

13 F. The reason(s) that Frost's assessment of the Company's financial needs
14 kept changing, resulting in four separate solicitations for "first round funding;"

15 G. How the Company spent the Oregon Investors' investment funds; and

16 H. The reasons(s) the Company had completed none of the developmental
17 goals in the Revised Business Plan.

18 35. Because the Director has reason to believe that Respondents have engaged in
19 violations of the Oregon Securities Law, the Director may issue an order to Respondents
20 to cease and desist from violations of the Oregon Securities Law under ORS 59.245(4).

21 36. Because the Director has reason to believe that Respondents have engaged in
22 violations of the Oregon Securities Law, the Director may deny Respondents the use of
23 exemptions to the securities registration requirements under ORS 59.045(2).

24 **ORDERS**

25 Now therefore, the Director issues the following ORDERS:

26 37. As authorized by ORS 59.245(4), the Director hereby ORDERS Respondents



1 to CEASE AND DESIST from violating any provision of the Oregon Securities Law.

2 38. As authorized by ORS 59.045(2), the Director hereby DENIES Respondents,
3 and any successor business entity or any business entity owned, operated, or controlled by
4 Respondents, the use of exemptions that would otherwise be available to Respondents
5 under ORS 59.025 and ORS 59.035, concerning securities and transactions exempt from
6 the registration requirements of the Oregon Securities Law.

7 39. As authorized by ORS 59.995, the Director hereby ORDERS that Respondents
8 be jointly and severally subject to a CIVIL PENALTY, totaling \$60,000, as follows:

9 A. \$20,000 for aiding Frost, who made untrue statements of material fact
10 to the Oregon Investors in connection with the sale or purchase of securities, in
11 violation of ORS 59.135(2), under ORS 59.115(3).

12 B. \$20,000 for aiding Frost, who omitted to state material facts needed to
13 make statements made to the Oregon Investors in connection with the sale or
14 purchase of securities not misleading, in violation of ORS 59.135(2), under ORS
15 59.115(3).

16 C. \$10,000 for aiding Frost's violation of ORS 59.165(1), under ORS
17 59.115(3); and

18 D. \$10,000 for aiding Frost's violation of ORS 59.055(1), under ORS
19 59.115(3).

20 40. The Director hereby suspends payment of \$60,000 of the CIVIL PENALTY for
21 a period of three years, provided Respondents:

22 A. Pay \$10,000 in restitution to the Oregon Investors as set forth in Exhibit
23 A, within twenty-four (24) months from the effective date of this Order, and provide
24 the Division with documentation of such payments within that timeframe; and

25 B. Do not violate the Oregon Securities Law within the three-year time
26 period.

1 41. The suspended CIVIL PENALTY (\$60,000) will be waived three years from
2 the effective date of this Order, provided Respondents have complied with the foregoing
3 Order terms. The Director reserves the right to immediately assess and collect the
4 suspended civil penalty upon a determination that Respondents have violated any term of
5 this Order.

6 42. Respondents stipulate and agrees that the amounts assessed in Paragraphs (39)
7 and (40) are not dischargeable under 11 U.S.C. 523(a)(7).

8 43. This Order is a “Final Order” under ORS 183.310(6)(b). Subject to that
9 provision, the entry of this Order does not limit other remedies available to the Director
10 under Oregon law.

11
12 SO ORDERED this 2nd day of March, 2020.

13
14 LOUIS SAVAGE, Acting Director
Department of Consumer and Business Services

15
16 /s/ Dorothy Bean
17 Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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EXHIBIT A

Investor	Investment Sum	Percentage of Total Oregon Investments (Excluding DD)	Pro Rata Share of Restitution
RB/JB	\$65,000	20.4%	\$2,040
KH/AH	\$45,000	14.2%	\$1,420
BP	\$50,000	15.7%	\$1,570
AL/EL	\$45,000	14.2%	\$1,420
AN/CN	\$43,000	13.5%	\$1,350
DC/SC	\$35,000	11.0%	\$1,100
GF	\$10,000	3.1%	\$310
DH	\$25,000	7.9%	\$790

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CONSENT TO ENTRY OF ORDER

I, F. David Lent dba Lent & Company, state that I have read the foregoing Order and that I know and fully understand the contents hereof. I have been advised of my right to a hearing and of my right to be represented by counsel in this matter. I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. I understand that the Director reserves the right to take further actions against me to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law by me. I will fully comply with the terms and conditions stated herein.

I further assure the Director that neither I nor my officers, directors, employees, or agents will effect securities transactions in Oregon unless such activities are in full compliance with the Oregon Securities Law. I understand that this Consent Order is a public document.

/s/ F. David Lent
F. David Lent dba Lent & Company

State of New Mexico
County of Santa Fe

Signed or attested before me on this 19th day of February, 2020
by F. David Lent dba Lent & Company.

/s/ Mariah Watkins
Notary Public

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CONSENT TO ENTRY OF ORDER

I, Heather Hunter, state that I have read the foregoing Order and that I know and fully understand the contents hereof. I have been advised of my right to a hearing and of my right to be represented by counsel in this matter. I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. I understand that the Director reserves the right to take further actions against me to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law by me. I will fully comply with the terms and conditions stated herein.

I further assure the Director that neither I nor my officers, directors, employees, or agents will effect securities transactions in Oregon unless such activities are in full compliance with the Oregon Securities Law. I understand that this Consent Order is a public document.

/s/ Heather Hunter
Heather Hunter

State of New Mexico
County of Santa Fe

Signed or attested before me on this 19th day of February, 2020
by Heather Hunter.

/s/ Mariah Watkins
Notary Public

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